

Senate File 461 - Introduced

SENATE FILE 461
BY COMMITTEE ON ECONOMIC
GROWTH

(SUCCESSOR TO SF 60)

A BILL FOR

1 An Act relating to the coordination of, access to, and
2 availability of broadband via fiberoptic network
3 infrastructure throughout the state, including a broadband
4 grant program and fund, the use of tax incentives and
5 statewide school infrastructure funding, and including
6 applicability provisions.
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

STATEWIDE BROADBAND COORDINATION

Section 1. Section 8B.1, Code 2015, is amended by adding the following new subsections:

NEW SUBSECTION. 01. *"Broadband"* means a high-speed, high-capacity electronic transmission medium that can carry data signals from multiple independent network sources by establishing different bandwidth channels and that is commonly used to deliver internet services to the public.

NEW SUBSECTION. 001. *"Communications service provider"* means a service provider that provides broadband service using fiberoptic network infrastructure.

NEW SUBSECTION. 0001. *"Fiberoptic network infrastructure"* means the physical infrastructure used for the transmission of data via broadband over fiberoptic networks, including but not limited to any fiberoptic cable equipment, systems, switches, routers, conduits, servers, software, technology, base transceiver station sites, or other equipment used to transmit broadband communications via fiberoptics. *"Fiberoptic network infrastructure"* does not include land, buildings, structures, improvements, or equipment not directly used in the transmission of data via broadband over fiberoptic networks.

NEW SUBSECTION. 7A. *"Targeted underserved service area"* means one or more homes or businesses that do not have access to broadband service provided by fiberoptic network infrastructure.

Sec. 2. Section 8B.1, subsection 1, Code 2015, is amended to read as follows:

1. *"Information technology"* means computing and electronics applications used to process and distribute information in digital and other forms and includes information technology devices, information technology services, infrastructure services, broadband and fiberoptic network infrastructure, and value-added services.

Sec. 3. Section 8B.3, subsection 1, Code 2015, is amended

1 to read as follows:

2 1. The office is created for the purpose of leading,
3 directing, managing, coordinating, and providing accountability
4 for the information technology resources of state government
5 and for coordinating statewide broadband availability and
6 access provided by fiberoptic network infrastructure.

7 Sec. 4. Section 8B.4, Code 2015, is amended by adding the
8 following new subsections:

9 NEW SUBSECTION. 14A. Streamline, consolidate, and
10 coordinate the access to and availability of broadband via
11 fiberoptic network infrastructure throughout the state,
12 including but not limited to developing policies and
13 recommendations for expanding the installation of fiberoptic
14 network infrastructure in targeted underserved service areas
15 of the state, facilitating public-private partnerships,
16 ensuring that all state agencies' broadband and fiberoptic
17 network infrastructure policies and procedures are aligned,
18 promoting accountability regarding broadband and fiberoptic
19 network infrastructure availability and access, integrating
20 broadband with cyber security standards and rules, resolving
21 issues which arise with regard to implementation efforts,
22 collecting data and developing metrics or standards against
23 which the data may be measured and evaluated regarding
24 fiberoptic network infrastructure installation and deployment,
25 and identifying options regarding the creation of standing
26 resources for stakeholders, such as a fiberoptic database or a
27 fiberoptic network conduit installation coordination effort for
28 state-funded construction projects.

29 NEW SUBSECTION. 14B. Establish and administer the
30 broadband grant program pursuant to section 8B.11.

31 NEW SUBSECTION. 14C. Coordinate the fiberoptic network
32 conduit installation program established in section 8B.25.

33 Sec. 5. Section 8B.9, Code 2015, is amended by adding the
34 following new subsection:

35 NEW SUBSECTION. 5. An annual report regarding the status of

1 broadband expansion and coordination via fiberoptic networks
2 and the broadband grant program established under section
3 8B.11.

4 Sec. 6. NEW SECTION. 8B.11 Broadband grant program — fund.

5 1. The office shall administer a broadband grant program
6 to award grants to communication service providers that reduce
7 or eliminate targeted underserved service areas by providing
8 broadband services via fiberoptic network infrastructure.

9 2. *a.* A broadband grant fund is established in the state
10 treasury under the authority of the office. The fund shall
11 consist of moneys appropriated to the fund or appropriated to
12 the office for purposes of the grant program, moneys available
13 to and obtained or accepted by the office from the federal
14 government or private sources, or other funds available to
15 the office for purposes of the grant program. Moneys in the
16 fund are appropriated to the office to be used for the grant
17 program.

18 *b.* The office shall use moneys in the fund to provide grants
19 to communication service providers pursuant to this section.
20 The office shall use moneys in the fund to leverage available
21 federal moneys.

22 *c.* Notwithstanding section 8.33, moneys in the fund
23 that remain unencumbered or unobligated at the close of the
24 fiscal year shall not revert but shall remain available for
25 expenditure for the purposes designated until the close of the
26 succeeding fiscal year.

27 3. Communication service providers may apply to the office
28 for a grant pursuant to this section for the installation
29 of fiberoptic network infrastructure to provide broadband
30 services in targeted underserved service areas. The office
31 shall include representatives from schools, communities,
32 agriculture, industry, and other areas as appropriate to review
33 and recommend grant awards. The office shall conduct an open
34 application review process and include a public internet site
35 for applications, results, and performance.

1 4. a. The office shall award grants on a competitive basis
2 after considering the following:

3 (1) The relative need for broadband services in the area.

4 (2) The geographic diversity of the project areas of all the
5 applicants.

6 (3) The economic impact of the project to the area.

7 (4) The applicant's total proposed budget for the project,
8 including the amount or percentage of local match, if any.

9 (5) Other factors the office deems relevant.

10 b. Except as otherwise provided in this section, the office
11 shall not evaluate applications based on the office's knowledge
12 of the applicant except for the information provided in the
13 application.

14 5. The office shall not award a grant pursuant to this
15 section that exceeds ten percent of the communication service
16 provider's project cost.

17 6. The office shall adopt rules pursuant to chapter 17A,
18 including but not limited to the broadband grant program
19 process, management, and measurements as deemed necessary by
20 the office.

21 Sec. 7. NEW SECTION. 8B.25 **Fiberoptic network conduit**
22 **installation program.**

23 1. For the purposes of this section, "*fiberoptic network*
24 *conduit*" means a pipe or duct used to enclose fiberoptic cable
25 facilities buried alongside a roadway or surface mounted on
26 a bridge, overpass, or other facility where placement below
27 ground is impossible or impractical.

28 2. The office shall lead and coordinate a program to
29 provide for the installation of fiberoptic network conduit
30 where such conduit does not exist. The chief information
31 officer shall consult and coordinate with the department of
32 administrative services, the department of transportation, the
33 Iowa communications network, and other agencies and entities
34 as determined appropriate to ensure that the opportunity is
35 provided to lay or install fiberoptic network conduit wherever

1 a state-funded construction project involves trenching, boring,
2 a bridge, a roadway, or opening of the ground, or alongside any
3 state-owned infrastructure.

4 3. Contingent upon the provision of funding for such
5 purposes by the general assembly, the office may contract with
6 a third party to manage, lease, install, or otherwise provide
7 fiberoptic network conduit access for projects described in
8 this section. This section shall not prohibit the office from
9 purchasing or installing fiberoptic cable within any fiberoptic
10 network conduit installed pursuant to the program.

11 Sec. 8. NEW SECTION. **8B.26 Broadband permitting process —**
12 **expeditious response.**

13 Notwithstanding any other provision to the contrary and in
14 compliance with applicable federal laws and regulations, a
15 political subdivision vested with permitting authority shall
16 approve, approve with modification, or disapprove nonwireless,
17 broadband-related permits within sixty business days following
18 the submission of a permit application and fee. In the event
19 that no action is taken during the sixty-day period, the
20 application shall be deemed approved.

21 Sec. 9. Section 8D.3, subsection 2, paragraph a, Code 2015,
22 is amended to read as follows:

23 a. The commission is composed of five voting members
24 appointed by the governor and subject to confirmation by the
25 senate. ~~Members~~ Voting members of the commission shall not
26 serve in any manner or be employed by an authorized user of the
27 network or by an entity seeking to do or doing business with
28 the network.

29 (1) The governor shall appoint a voting member as the
30 chairperson of the commission from the five voting members
31 ~~appointed by the governor~~, subject to confirmation by the
32 senate.

33 (2) ~~Members~~ Voting members of the commission shall serve
34 six-year staggered terms as designated by the governor and
35 appointments to the commission are subject to the requirements

1 of sections 69.16, 69.16A, and 69.19. Vacancies shall be
2 filled by the governor for the duration of the unexpired term.

3 (3) The salary of the voting members of the commission shall
4 be twelve thousand dollars per year, except that the salary
5 of the chairperson shall be seventeen thousand dollars per
6 year. ~~Members~~ Voting members of the commission shall also be
7 reimbursed for all actual and necessary expenses incurred in
8 the performance of duties as members. The benefits and salary
9 paid to the voting members of the commission shall be adjusted
10 annually equal to the average of the annual pay adjustments,
11 expense reimbursements, and related benefits provided under
12 collective bargaining agreements negotiated pursuant to chapter
13 20.

14 Sec. 10. Section 8D.3, subsection 2, paragraph b, Code 2015,
15 is amended to read as follows:

16 ~~b. In addition to the members appointed by the governor,~~
17 ~~the~~ The auditor of state or the auditor's designee and the
18 chief information officer appointed pursuant to section 8B.2
19 or the chief information officer's designee shall serve as a
20 nonvoting, ex officio member members of the commission.

21 Sec. 11. Section 8D.4, Code 2015, is amended to read as
22 follows:

23 **8D.4 Executive director appointed.**

24 The commission, in consultation with the director of
25 the department of administrative services ~~and the chief~~
26 ~~information officer,~~ shall appoint an executive director of
27 the commission, subject to confirmation by the senate. Such
28 individual shall not serve as a member of the commission.
29 The executive director shall serve at the pleasure of the
30 commission. The executive director shall be selected primarily
31 for administrative ability and knowledge in the field, without
32 regard to political affiliation. The governor shall establish
33 the salary of the executive director within range nine as
34 established by the general assembly. The salary and support of
35 the executive director shall be paid from funds deposited in

1 the Iowa communications network fund.

2 Sec. 12. Section 80.28, subsection 2, Code 2015, is amended
3 to read as follows:

4 2. The board shall consist of ~~fifteen~~ nineteen voting
5 members, as follows:

6 a. The following members representing state agencies:

7 (1) One member representing the department of public
8 safety.

9 (2) One member representing the state department of
10 transportation.

11 (3) One member representing the department of homeland
12 security and emergency management.

13 (4) One member representing the department of corrections.

14 (5) One member representing the department of natural
15 resources.

16 (6) One member representing the Iowa department of public
17 health.

18 (7) One member representing the office of the chief
19 information officer created in section 8B.2.

20 b. The governor shall solicit and consider recommendations
21 from professional or volunteer organizations in appointing the
22 following members:

23 (1) Two members who are representatives from municipal
24 police departments.

25 (2) Two members who are representatives of sheriff's
26 offices.

27 (3) Two members who are representatives from fire
28 departments. One of the members shall be a volunteer fire
29 fighter and the other member shall be a paid fire fighter.

30 (4) Two members who are law communication center managers
31 employed by state or local government agencies.

32 (05) One member who is an emergency medical care provider
33 as defined in section 147A.1.

34 (005) One member who is a local emergency management
35 coordinator as described in section 29C.9.

1 *service area*" mean the same as defined in section 8B.1.

2 *b.* The exemption shall apply to the installation of
3 fiberoptic network infrastructure commenced and completed on
4 or after July 1, 2015, in a targeted underserved service area,
5 and used to deliver internet services to the public. A person
6 claiming an exemption under this subsection shall certify to
7 the local assessor prior to commencement of the installation
8 that the fiberoptic network installation will take place within
9 a targeted underserved service area.

10 *c.* The tax exemption shall be a one hundred percent
11 exemption from taxation for a period of five years in an
12 amount equal to the actual value added by installation of the
13 fiberoptic network infrastructure.

14 *d.* For companies assessed by the department of revenue
15 pursuant to chapter 433, the exemption shall be limited to an
16 amount equal to the actual value added by installation of the
17 fiberoptic network infrastructure as of the assessment date,
18 as determined by the department, and the exemption shall be
19 applied prior to any other exemption applicable to the unit
20 value, as determined under that chapter.

21 *e.* (1) An application for an exemption shall be filed by
22 the owner of the property with the county board of supervisors
23 of each county in which the property is located by February 1
24 of the year in which the fiberoptic network infrastructure is
25 first assessed for taxation, or the following two assessment
26 years, and in each case the exemption is allowed for five
27 years.

28 (2) In lieu of subparagraph (1), and notwithstanding any
29 provision in this subsection to the contrary, an owner may at
30 any time before completion of the project submit a proposal to
31 the board of supervisors requesting that the board allow the
32 owner to file an application for exemption by February 1 of
33 any other assessment year following completion of the project,
34 which year shall be selected by the board. If the board, by
35 resolution, approves the proposal, the exemption is allowed for

1 five years.

2 *f.* (1) The application shall be made on forms prescribed by
3 the director of revenue. The application shall contain but not
4 be limited to the following information:

5 (a) The nature of the fiberoptic network infrastructure
6 installation.

7 (b) The actual cost of installing the fiberoptic network
8 infrastructure under the project, if available. The
9 application shall contain supporting documents demonstrating
10 the actual cost.

11 (c) Certification from the office of the chief information
12 officer that the installation is being performed or was
13 completed in a targeted underserved service area and
14 certification of the date of commencement and actual or
15 estimated date of completion.

16 (d) A copy of any permit related to fiberoptic network
17 infrastructure issued by a political subdivision.

18 (e) If applying pursuant to paragraph "e", subparagraph (2),
19 the actual cost already incurred for installation of fiberoptic
20 network infrastructure, if any, the estimated costs for project
21 completion, and the estimated date of project completion. The
22 application shall contain supporting documents demonstrating
23 the actual cost.

24 (2) The board of supervisors shall forward all approved
25 applications and any necessary information regarding the
26 applications to the appropriate local assessor or to the
27 department of revenue, as applicable, by March 1 annually.
28 After the tax exemption is granted, the local assessor shall
29 continue to grant the tax exemption for five years, and
30 applications for exemption for succeeding years shall not be
31 required.

32 (3) An applicant for a property tax exemption under this
33 subsection may appeal the decision of the board of supervisors
34 regarding denial of the application to the property assessment
35 appeal board.

1 *g.* (1) If a company whose property in the county is not
2 assessed by the department of revenue is approved to receive
3 a property tax exemption pursuant to this subsection, the
4 actual value added by installation of the fiberoptic network
5 infrastructure shall be determined by the local assessor who
6 shall certify the amount of exemption determined to the county
7 auditor at the time of transmitting the assessment rolls.

8 (2) Notwithstanding any other provision of law to the
9 contrary, if a company in which all or a portion of the
10 company's property in the county is assessed by the department
11 pursuant to chapter 433 and the company's property in the
12 county is approved to receive a property tax exemption
13 pursuant to this subsection, the department shall assess
14 all the company's property in the county used for operating
15 telegraph and telephone lines, broadband, or cable systems for
16 each assessment year the company receives the exemption, for
17 purposes of determining the actual value added by installation
18 of the fiberoptic network infrastructure.

19 (3) (a) If assessing property pursuant to subparagraph (2),
20 the department shall certify the assessment value and exemption
21 amounts for all property used for the operation of providing
22 cable and broadband services and generally not assessed by
23 the department to the local assessor for inclusion on the
24 assessment rolls as provided in section 433.8, subsection 2.

25 (b) A company whose property is assessed by the department
26 pursuant to subparagraph (2) shall follow the appeal procedures
27 in chapter 429 for appealing any part of the assessment on
28 all the company's property, including the company's property
29 that would have been valued by the local assessor but for
30 subparagraph (2). For appeal proceedings for assessed values
31 submitted pursuant to subparagraph division (a), the department
32 shall notify the taxpayer of the right to appeal pursuant to
33 chapter 429.

34 *h.* The director of revenue may adopt rules pursuant to
35 chapter 17A for the interpretation and proper administration of

1 the exemption provided in this subsection.

2 Sec. 17. Section 433.8, Code 2015, is amended to read as
3 follows:

4 **433.8 Assessment in each county — how certified.**

5 1. The director of revenue shall, for the purpose of
6 determining what amount shall be assessed to each company
7 in each county of the state into which the line of the said
8 company extends, certify to the several county auditors of the
9 respective counties into, over, or through which said line
10 extends the number of miles of line in the county for that
11 company, the actual value per mile of line for that company,
12 and the exemption value per mile of line for that company for
13 exemptions received pursuant to section 427.1, subsection 40,
14 section 433.4, or any other exemptions. In no case, however,
15 shall the taxable value of the property be reduced below zero.

16 2. If assessing all of the property of a company pursuant to
17 section 427.1, subsection 40, paragraph "g", subparagraph (2),
18 the director shall also certify such amounts to the assessor
19 for inclusion on the assessment rolls.

20 Sec. 18. IMPLEMENTATION. Section 25B.7 shall not apply to
21 this division of this Act.

22 Sec. 19. APPLICABILITY. This division of this Act applies
23 to assessment years beginning on or after January 1, 2016.

24 DIVISION III

25 INFORMATION TECHNOLOGY INFRASTRUCTURE FOR EDUCATION

26 Sec. 20. Section 423F.3, subsection 6, Code 2015, is amended
27 by adding the following new paragraph:

28 NEW PARAGRAPH. *0c.* Additionally, "*school infrastructure*"
29 includes the acquisition or installation of information
30 technology infrastructure. For purposes of this paragraph,
31 "*information technology infrastructure*" means the basic,
32 underlying physical framework or system necessary to deliver
33 technology connectivity to a school district and to network
34 school buildings within a school district.

35 EXPLANATION

1 The inclusion of this explanation does not constitute agreement with
2 the explanation's substance by the members of the general assembly.

3 This bill relates to the coordination of and availability of
4 broadband access via fiberoptic network infrastructure across
5 the state.

6 Division I of the bill modifies provisions in Code chapter
7 8B, the information technology chapter which creates the office
8 of the chief information officer, by adding several definitions
9 to the Code chapter. The division defines "broadband" as
10 a high-speed, high-capacity electronic transmission medium
11 that can carry data signals from multiple independent network
12 sources by establishing different bandwidth channels and that
13 is commonly used to deliver internet services to the public.
14 The division defines "fiberoptic network infrastructure" as the
15 physical infrastructure used for the transmission of data via
16 broadband over fiberoptic networks. The division also adds
17 definitions for "communications service provider" and "targeted
18 underserved service area". The division changes the definition
19 of "information technology" to include broadband and fiberoptic
20 network infrastructure.

21 The division adds additional powers and duties for the
22 chief information officer relating to broadband and fiberoptic
23 network infrastructure. The division includes coordination
24 of statewide broadband availability and access via fiberoptic
25 network infrastructure as a mission of the office of the chief
26 information officer. The division also requires the chief
27 information officer to streamline, consolidate, and coordinate
28 access to and availability of broadband via fiberoptic network
29 infrastructure. The division directs the chief information
30 officer to submit an annual report regarding the status of
31 broadband expansion and coordination via fiberoptic networks
32 and the broadband grant program. The division also adds the
33 chief information officer as a nonvoting, ex officio member to
34 the telecommunication and technology commission, established in
35 current Code section 8D.3 and which oversees the operation of

1 the Iowa communications network, and adds the chief information
2 officer as a voting member of the statewide interoperable
3 communications system board established in current Code
4 section 80.28 under the purview of the departments of public
5 safety and transportation. The division makes corresponding
6 amendments regarding voting members of the commission and the
7 appointment of the executive director of the telecommunication
8 and technology commission. The division also adds an emergency
9 care provider, a local emergency management coordinator, and
10 a person representing the communication workers of America
11 in Iowa to the statewide interoperable communications system
12 board.

13 The division establishes a broadband grant program and fund.
14 The division requires the office of the chief information
15 officer to administer a broadband grant program to award grants
16 to communication service providers that reduce or eliminate
17 targeted underserved service areas by providing broadband
18 services via fiberoptic network infrastructure. The division
19 establishes a fund, consisting of moneys appropriated to it or
20 appropriated to the office or otherwise available to the office
21 for purposes of the grant program. The moneys in the fund are
22 appropriated to the office of the chief information officer.
23 The division provides that communication service providers may
24 apply to the office for a grant. The division requires the
25 office to include representatives from schools, communities,
26 agriculture, industry, and other areas as appropriate to
27 review and recommend grant awards. The division also requires
28 the office to conduct an open application review process and
29 include a public internet site for applications, results,
30 and performance. The division sets criteria for the office
31 to consider when awarding grants. The division limits grant
32 amounts to a maximum of 10 percent of the communication service
33 provider's project cost.

34 The division adds the responsibility for coordinating a new
35 fiberoptic network conduit installation program to facilitate

1 incorporation of fiberoptic network conduit installations, as
2 defined by the bill, into state-funded construction projects or
3 by state-owned infrastructure to the powers and duties of the
4 chief information officer. The division provides that, subject
5 to funding from the general assembly, the office may contract
6 with a third party to manage, lease, install, or otherwise
7 provide fiberoptic network conduit access, and the program
8 shall not prohibit the office from purchasing or installing
9 fiberoptic cable within fiberoptic network conduit installed
10 pursuant to the program.

11 Additionally, the division specifies expeditious response
12 requirements regarding the approval, modification, or
13 disapproval of nonwireless broadband-related permits. The
14 division provides that, notwithstanding any other provision to
15 the contrary, a political subdivision vested with permitting
16 authority shall approve, approve with modification, or
17 disapprove nonwireless broadband-related permits within 60
18 business days following the submission of a permit application
19 and fee. If the political subdivision does not take action
20 during the 60-day period, the application shall be deemed
21 approved.

22 Division II of the bill provides a property tax exemption for
23 installation of fiberoptic network infrastructure commenced and
24 completed on or after July 1, 2015, in a targeted underserved
25 service area and used to deliver internet services to the
26 public. The exemption shall be a 100 percent exemption from
27 taxation for a period of five years based on the actual
28 value added by the installation of the fiberoptic network
29 infrastructure. The division specifies procedures relating to
30 applying for the tax exemption with the board of supervisors in
31 the county within which the fiberoptic network infrastructure
32 is located, granting the tax exemption, and assessing the
33 property of companies receiving the exemption. The division
34 applies to assessment years beginning on or after January 1,
35 2016. Code section 25B.7 provides that for a property tax

1 credit or exemption enacted on or after January 1, 1997, if a
2 state appropriation made to fund the credit or exemption is not
3 sufficient to fully fund the credit or exemption, the political
4 subdivision shall be required to extend to the taxpayer only
5 that portion of the credit or exemption estimated by the
6 department of revenue to be funded by the state appropriation.
7 The division provides that Code section 25B.7 does not apply to
8 the property tax exemption created under the division.

9 Division III of the bill adds the acquisition or
10 installation of information technology infrastructure,
11 as defined in the bill, to the definition of "school
12 infrastructure" for purposes of the statewide school
13 infrastructure funding provisions contained in Code chapter
14 423F.